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FISCAL IMPACT STATEMENT

LS 7873

BILL NUMBER: SB 514

NOTE PREPARED: Jan 16, 2007

BILL AMENDED:

SUBJECT: Appropriation for Home Energy Assistance.

FIRST AUTHOR: Sen. Alting

FIRST SPONSOR:

BILL STATUS: As Introduced

**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State

Summary of Legislation: This bill makes an annual appropriation from the state General Fund to the Office of the Lieutenant Governor (LG) for the LG's use in providing assistance to eligible households under the Home Energy Assistance Program. The bill provides that the amount of the annual appropriation equals the lesser of: (1) the difference between the amount needed to provide assistance to all eligible households during the program year and the amount of available funding for the program year; or (2) \$1,000,000. The bill also provides that the appropriated money does not revert to the state General Fund at the end of any state fiscal year, but remains available to the LG to make any remaining distributions to eligible households for the program year. The bill provides that after the office has made all distributions for a program year, any remaining amount of the appropriation reverts to the state General Fund at the end of the program year.

Effective Date: July 1, 2007.

Explanation of State Expenditures: This bill will increase expenditures from the state General Fund by \$1 M per year. The bill appropriates the lesser of:

- (1) the difference between the amount needed to provide assistance to all eligible households during the program year and the amount of available funding for the program year; or
- (2) \$1 M.

According to the Housing and Community Development Authority (HCDA) of the LG's Office, the amount needed, in addition to the funds already available to the HCDA, for providing home energy assistance to ALL eligible households is well over \$1 M. Therefore, the annual appropriation, as calculated under the bill, will most likely be \$1 M each year. Although the amount of the appropriation will ultimately depend upon the number of eligible households and the funds available to the HCDA each year.

To be eligible for the Energy Assistance Program (EAP), a household must have a household income below 150% of the poverty level. According to the EAP income guidelines, for a household of 4 to be eligible the annual household income must be at or below \$30,000). The HCDA estimates that there are 700,000 households in Indiana that have a household income below 150% of the poverty level. In the last program year (Nov 2005 to May 2006) the HCDA reported serving approximately 159,000 of the 700,000 households.

Background: The EAP is funded, in the most part, by the Low-Income Home Energy Assistance Program (LIHEAP) Block Grant, which is a federally funded block grant offered through the U.S. Department of Health and Human Services (HHS). Effective July 1, 2006, it is now administered by the Indiana Housing and Community Development Authority (IHCDA). The LIHEAP Block Grant provides funds to individual states to assist low-income families with the high costs of home energy. Throughout Indiana, this program is called the Energy Assistance Program (EAP). In FY 2006, the federal LIHEAP award to Indiana (including contingency releases) was \$75.3 million dollars. Of that amount, approximately \$18 million was reserved for FY 2007.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Lieutenant Governor.

Local Agencies Affected:

Information Sources: Stephanie Reeve, Housing and Community Development Authority. 2007 Energy Assistance Program Manual.

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